GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Andhra Pradesh Reorganisation Act, 2014 – Andhra Pradesh Mineral Development Corporation Ltd. – Demerger Proposal - Recommendations of the Expert Committee on Division of Assets & Liabilities Accepted – Orders – Issued.

Industries & Commerce (M.II) Department

G.O.Ms.No.19 Date:29.01.2019

Read the following:

1. AP Reorganisation Act, 2014.
2. U.O.Note No.1020/GAD/SR/ADMP/2018, Dt:30.08.2018 of Genl. Admn. (SR) Dept.
3. From the Genl. Admn. (SR) Dept., Lr.No.204/GAD/SR/2017, Dt:30.08.2018.
4. G.O.Rt.No.223, Ind. & Com. Dept., Dt.30.05.2014.
5. From the APMDC, Lr.No.APMDC/F&A/Demerger Plan/2018-19, Dt:12.10.2018 & Dt:24.10.2018.
6. U.O.Note No.1425/GAD/SR/ADMP/OSD (PS)/2018, Dt:01.12.2018.
7. D.O.Lr.No.1020/GAD/SR/ADMP/OSD (PS)/2018, Dt:28.12.2018.

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ORDER

In the reference 4th read above, Government have issued orders constituting an Expert Committee headed by Smt. Sheela Bhide, IAS (Retd) in order to ensure the equitable apportionment of assets and liabilities of Govt. Corporations and Companies listed under Schedule IX as per the statutory requirements of the AP Re-organisation Act 2014.

2. In the reference 2nd read above, the Genl. Admn. Department have stated that the Expert Committee's approved final demerger proposal of APMDC, the Genl. Admn.(SR) Dept., vide their U.O.Note Dated 30.08.2018, have requested to examine the proposal with reference to the provisions of the AP Re-organisation Act, 2014.

3. Accordingly the final demerger proposal of the APMDC have been sent to the VC&MD, Andhra Pradesh Mineral Development Corporation Ltd., vide 5th read above for his remarks and the same was submitted vide their Letter Dt:24.10.2018.

4. The VC & MD, M/s Andhra Pradesh Mineral Development Corporation Ltd. Ltd has reported that the Corporation submitted Demerger Plan through Government of Andhra Pradesh vide Lr.No.11842/Estt./A2/2015, dt.24.07.2015 duly apportioning the Assets and Liabilities of the Head Office/headquarters of the Corporation as on 1st June, 2014 on retained earnings ratio of 98.49% : 1.51 ratio between Andhra Pradesh & Telangana.

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5. The Government of India, Ministry of Home Affairs issued an Office Memorandum No.120/2/12/2014-SR, dt.18th May, 2017 duly clarifying the assets which can be grouped under the term 'Assets of Headquarter' in relation to the Bifurcation of assets and liabilities of the Institutions / Corporations listed under Schedule IX of the A.P. Reorganisation Act,2014.

6. In the above said clarificatory Memorandum of GoI, it is mentioned that

i. *In the case of one single comprehensive State Undertaking(which includes the headquarters and the operational units in one common facility) which is exclusively located in, or its operations are confined to one local area, it shall be apportioned on the basis of location as per sub-section(1) of Section 53 of the Andhra Pradesh Reorganisation Act,2014. However, if the said State undertaking's operations are inter-state, then as per the proviso to Section 53, the headquarters i.e., the principal office of the Undertaking is to be apportioned on population ratio and the operational units are to be apportioned on location basis.*

ii. *In the case of more than one common facility such as workshops, guest houses, and operational plants etc. such entities cannot be construed to be part of 'headquarter'. The term 'Headquarter' would be co-terminus with the principal office of the Undertaking as per its ordinary dictionary meaning. Therefore in such a case, the operational units and headquarters would be apportioned as per the proviso to section 53 of the Andhra Pradesh Re-organisation Act, 2014.*

7. The VC&MD, APMDC in the reference 5th read above has stated that the Chief Secretary to Government of Andhra Pradesh has convened a meeting on 24-07-2017 with the Heads of the Institutions, listed under Schedule-IX of A.P. Re-organisation Act, 2014 to discuss the matter of Division of Assets & Liabilities between Andhra & Telangana. Consequent to the discussion that took place in the said meeting, minutes of the meeting were circulated through Lr.No.386/GAD/SR/2017,dt.29-07-2017 which is as under.

> *"The issue pertaining to division of funds available with the Mineral Development Corporation was also discussed and it was decided to agree for division based on population ratio after obtaining orders in circulation to the Hon'ble Chief Minister"*

8. Accordingly, the Corporation has requested the Government for approval to revise the Demerger proposal for apportionment of all Head Office/headquarters Assets in population ratio. The Government of A.P. Industries & Commerce (M.II) Department vide its Lr. No.7582/M.II(1)/2017, Dt.21/11/2017 accorded permission to submit a revised Demerger proposal for apportionment of all Head Office/ Headquarter Assets (Fixed & Current) and Liabilities, including Cash Deposits of the Corporation in the Population ratio i.e. 58.32 : 41.68 between Andhra & Telangana divisions respectively.

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9. Based on the consensus so arrived, and as per the letter received from the expert committee duly requesting the Corporation vide letter No.3685/INF(SRC)/2014 dated 28.02.2018 to submit the Final demerger Plan in the prescribed proforma, the final demerger Plan was prepared duly incorporating division of Assets & Liabilities recorded in the books of accounts of operational units on Location Basis and the division of Head Office/Headquarters Assets & Liabilities recorded in the Head Office/Headquarters books of accounts as on 1-6-2014 in population ratio i.e., 58.32 : 41.68 between Andhra & Telangana divisions respectively. The Telangana State Mineral Development Corporation in their Board Meeting held on 20 th March, 2018 and the Board expressed acceptance of the Demerger Plan of prepared by APMDC.

10. Accordingly, the VC & MD, M/s APMDC Ltd. has submitted the Revised Demerger Plan to the Expert Committee on 28-03-2018 duly counter signed by the MD TSMDC (after duly obtaining approval from both the respective Boards).

11. The Demerger proposals of NPDCL and CPDCL were approved by the Boards of both NPDCL and CPDCL and by their respective MDs. The Demerger Proposals of these two companies were examined by the Expert Committee and all the Members unanimously approved them and decided to recommend them to both the State Governments.

12. In the reference 7th read above, Dr.(Mrs) Sheela Bhide IAS(Retd.), as a Chairperson of Expert Committee approved the Demerger Plan submitted to the Expert Committee by MD,APMDC and MD TSMDC(after duly obtaining approval from both the respective Boards) and recommended for approval by both the State Governments that the assets and liabilities of Headoffice/headquarters of APMDC should be distributed on Population ratio i.e. 58.32 : 41.68 between Andhra Pradesh & Telangana divisions respectively.

13. The VC&MD, Andhra Pradesh Mineral Development Corporation Ltd.., in their Lr.dt.24.10.2018 while referring the recommendations of the Expert Committee on the demerger proposals of Andhra Pradesh Mineral Development Corporation Ltd., has requested the Government to consider the above recommendations of the Expert Committee and dispose of the matter at the earliest.

14. Government after careful examination of the matter, hereby accept the recommendations of the Expert Committee on the demerger proposals of Andhra Pradesh Mineral Development Corporation Ltd..

15. The VC&MD, Andhra Pradesh Mineral Development Corporation Ltd. shall take necessary action accordingly.

(BY ORDER AND IN THE NAME OF GOVERNOR OF ANDHRA PRADESH)

B.SREEDHAR
SECRETARY TO GOVERNMENT

To
The VC&MD, Andhra Pradesh Mineral Development Corporation Ltd.,
Kanuru, Vijayawada.

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The Member Secretary to Advisory Committee, AP Reorganisation & Ex Officio Prl. Secy. to Govt., Genl. Admn. (SR) Dept., Hyderabad.
The VC&MD, Telangana State Mineral Development Corporation, Khairatabad, Hyderabad.
Copy to:
The PS to Secy. (M)
The PS to CS to Govt. Of AP.
The PS to Prl. Secy. to CM.
The Director of Mines & Geology, AP, Vijayawada.

//FORWARDED BY ORDER//

SECTION OFFICER